

including Signaling Links, Signal Transfer Points, and Service Control Points (databases). The SCPs/Databases to which CLECs have access include, but are not limited to, Line Information Database ("LIDB"), Toll Free Number Database, Automatic Location Identification and Data Management System, Advanced Intelligent Network ("AIN").

Mr. Milner testified that BST has technical service descriptions that outline access to these databases and has procedures in place for the ordering, provisioning and maintenance of these services. From January through April, 1997, CLECs across BST's nine-state region made approximately 8 million queries to BST's 800 database, thus demonstrating its functional availability. Further, BST's LIDB received more than 129 million queries from others during January through April 1997. Testing of BST's AIN Toolkit 1.0, which provides a CLEC with the ability to create and offer AIN-service applications to their end users, confirmed that service orders flowed through BST's systems properly and that accurate bills were rendered. Finally, BST's signaling service is also functionally available, as demonstrated by the fact that as of June 1, 1997, one CLEC is interconnected directly to BST's signaling network, and 7 other CLECs have interconnected using a third-party signaling hub provider which, in turn, accesses BST's signaling network. BST has satisfied this checklist item.

Checklist Item No. 11: Interim number portability

Number portability is a service arrangement that allows customers to retain their existing telephone numbers when switching from one carrier to another carrier. In its Statement, BST offers Remote Call Forwarding (RCF) and Direct Inward Dialing (DID) as two forms of interim number portability. These arrangements are expressly specified in checklist item 11 and comply with the FCC's July 2, 1996 First Report and Order in CC Docket No. 95-116 (Number Portability Order). Further, BST has tested its methods and procedures for these services and has demonstrated its ability to place these facilities in service and generate a timely and accurate bill for them. BST has demonstrated its operational experience in providing these methods of number portability. As of June 10, 1997, BST had ported 5,861 business and 29 residence directory numbers in its region.

Mr. Hamman for AT&T testified that BST has not complied with this checklist item because BST had not made a privately negotiated form of number portability (route indexing-portability hub) ready for use by AT&T. Mr. Hamman confuses BST's obligation to comply with a checklist item with BST's contractual commitments to AT&T. The fact that BST may negotiate multiple forms of interim number portability with CLECs does not translate into an obligation to include all of those methods in its Statement. Based upon the record before this Commission, it is

undisputed that BST's Statement offers the two forms of interim number portability specified in checklist item 11 and, accordingly, the Commission finds that BST's interim number portability offer complies with checklist item 11.

Checklist Item No. 12: Nondiscriminatory access to services or information necessary to implement local dialing parity in accordance with the requirements of Section 251(b)(3)

Dialing parity permits local service subscribers to dial the same number of digits to place a local call, without the use of an access code, regardless of their choice of local service provider. Mr. Scheye provided undisputed direct testimony that BST will interconnect with CLECs so that the same number of digits that are dialed by a BellSouth retail customer may be used by the CLEC customer to complete a call. BST is providing local dialing parity. No party introduced evidence to dispute that BST has met this checklist item. Accordingly, the Commission finds that BST has met this checklist item.

Checklist Item No. 13: Reciprocal compensation arrangements in accordance with the requirements of Section 252(d)(2)

This checklist item requires that reciprocal compensation arrangements for exchange of traffic between local carriers must comply with Section 252(d)(2) of the Act. Under Section 252(d)(2), each carrier must receive mutual and reciprocal recovery of costs associated with the transport and termination on each carrier's facilities of calls that originate on the

network facilities of the other carrier. The costs shall be based on the reasonable approximation of the additional costs of terminating such calls.

In its March 10, 1997 Order in Docket No. 96-358-C (the BST-AT&T Arbitration), the Commission ordered the use of rates within the FCC proxy rates for interconnection between BST and AT&T. As established by Mr. Scheye, BST has incorporated those rates into the Statement in this proceeding. The Commission therefore concludes that BST's reciprocal compensation arrangements are in full compliance with this checklist item.

**Checklist Item No. 14: Telecommunications services are available for resale in accordance with the requirements of Sections 251(c)(4) and 252(d)(3)**

In its Statement, BST offers its tariffed retail telecommunications services for resale to other telecommunications carriers that will, in turn, sell such services to their end user customers. The Statement outlines specific limitations on resale generally (e.g., prohibition against cross-class selling) and on the resale of specific services (e.g., short-term promotions, grandfathered services, contract service arrangements, etc.). In the Statement, BST offers the wholesale discount of 14.8%, the discount established by the Commission for both residential and business customers as required by Order No. 97-189. These discounts, as well as the resale limitations, are consistent with this Commission's Order No. 97-189.

Mr. Milner testified that BST has developed technical service descriptions and the ordering, provisioning and maintenance procedures for 50 of its "top" retail telecommunications services. As of May 15, 1997, CLECs were reselling 596 of these services in South Carolina and 88,000 of those services in BST's region. Other retail services, although not actually ordered by CLECs to date, are functionally available for resale. Mr. Milner testified that BST has conducted tests to verify that these services can be resold at the appropriate discount and that a correct bill will be generated.

The Commission concludes that BST has satisfactorily satisfied the requirements of this final checklist item.

**D. The Rates Contained in the Statement for Interconnection and Unbundled Network Elements Comply With Section 252(d)**

BST's Statement incorporates rates from several sources. Where a rate was arbitrated in the BST-AT&T Arbitration, PSC Docket No. 96-358-C, the Commission's ordered rates were incorporated into the Statement. Where a rate was not arbitrated, BST relied on a number of sources, including existing tariff rates and rates used in interconnection agreements that BST voluntarily negotiated with other CLECs. Further, the Statement contains a true-up process that is consistent with the process established by the Commission in the BST-AT&T Arbitration. If rates are subsequently modified by the

Commission in a later proceeding, payments by CLECs will be adjusted retroactively to the new rates.

The Commission finds that the fact that the Statement includes rates that are subject to adjustment does not render the Statement non-compliant with the Act. MCI and AT&T argued, through their witness, Don Wood, that BST's Statement does not comply with checklist items (ii) (nondiscriminatory access to network elements) and (xiii) (reciprocal compensation arrangements) because the rates that have been set by this Commission for these items are subject to adjustment and were not derived directly by using a specific costing methodology.

From a legal standpoint, the Commission observes that the notion that a rate cannot comply with the checklist unless it is "permanent" is not supported by the Act. Simply put, there is nothing in Sections 251, 252 or 271 that requires "permanent rates." The duration of the pertinent rates was simply not addressed by Congress. Indeed, the FCC itself recognized the appropriateness of "interim arbitrated rates" that "might provide a faster, administratively simpler, and less costly approach to establishing prices ...." First Report and Order, Docket No. 96-325 ¶ 767 (August 8, 1996). The FCC specifically adopted a schedule of interim proxy rates, and authorized the state commissions to apply them in their arbitration proceedings in the event the commissions were unable, due to time constraints, to set rates generated by the forward-looking costing methodology

described in the Order. States that set prices based upon the default proxies were required to order parties to update those prices after the state conducted or approved of a cost study that met the Order's pricing guidelines. Id. at ¶ 769.

With regard to the rates themselves, the Commission concludes that they are cost-based within the requirements of the 1996 Act. First, the rates in the Statement which are taken from the BST-AT&T Arbitration are well within the bounds of the TELRIC cost studies provided in that proceeding by BST and the Hatfield Model rates provided in that proceeding by AT&T. Also, many of the rates are within the FCC proxy rate ranges which brings them within the bounds of the cost information available to the FCC when it set these ranges. Finally, the negotiated rates incorporated into the Statement were certainly not set by the parties without reference to the cost of the services to be provided.

Notwithstanding the above, the rates may be adjusted following the review of additional cost information made available to the Commission and to other parties as of June 9, 1997. Since the rates will be adjusted as of their effective date and since the true up will be based on cost information, this Commission concludes that the interim rates in the Statement are cost-based within the requirements of the 1996 Act.

Even Dr. David Kaserman, an economist who has testified on behalf of AT&T and MCI in other proceedings, has acknowledged

that rate-setting is an ongoing process. In a recent Mississippi arbitration proceeding, Dr. Kaserman testified that "no rate is permanent; at no time is there perfect information." See, Mississippi Docket No. 96-AD-0559, February 10, 1997, Tr. p. 115. In further answering a cross examination question, he stated:

[W]e are not going to decide today permanent rates, and you won't decide in six months. I don't think there is any such thing as a permanent rate. You're going to be coming back and re-examining costs as long as this firm has a monopoly position and until the firm is deregulated. Whoever is in charge is going to be looking periodically at cost figures supplied by this firm to change the rates that are in place. That's going to be an ongoing process. And I think it's going to be around for a long time.

Id. (emphasis supplied).

That the Commission has not adopted a particular cost methodology or that the Commission may establish another docket to establish permanent rates does not make the Statement's rates non-compliant with Section 252(d). Section 252(d) requires that the rates for interconnection and unbundled network elements simply be based on cost; it does not specify what methodology this Commission must use. There is nothing in the Act that precludes the Commission from using one methodology in establishing initial cost-based rates, while utilizing a

different methodology to establish other cost-based rates at a later date. Indeed, because it is envisioned that the Statement will be updated in two years after its initial effective date, it is certainly possible that different methods will be used to meet the requirements of Section 252(d). In either instance, the rates would be cost based, which is all Section 252(d) requires.

As noted above, the true-up process followed by the Commission in the BST-AT&T Arbitration and included by BST in its Statement is analogous to that advocated by the FCC in its August 8, 1996 Local Interconnection Order. The FCC examined cost data from a number of cost proxy models and other sources and set in place a schedule of proxy rates which State commissions were authorized to apply until a State commission could set rates "on the basis of an economic cost study ...." Id., ¶ 787. These rates did not spring from a single source or a single methodology. Obviously, the FCC believed that these rates were permissible under the Act, since it expressly authorized State commissions to apply them in meeting their arbitration obligations under the 1996 Act.

Notwithstanding the Intervenor's claim to the contrary, grafting a permanent rate requirement into the Act is neither logical nor necessary from a practical standpoint. The notion that rates must be immutable to satisfy Section 271 would effectively mean that no rates could ever be good enough. There is nothing unique about uncertainty with respect to rates. To

the contrary, experience to date in implementing the Act demonstrates the inherent uncertainty in these changing times. Nevertheless, parties have utilized this process to enter the market. Indeed, the Commission notes that ACSI and BellSouth have voluntarily entered into an approved interconnection agreement in South Carolina that contains interim rates subject to true-up. Having found the true-up process appropriate for both the ACSI and AT&T interconnection agreements with BST, the Commission sees no reason to disapprove BST's Statement because it, too, contains interim rates.

In addition to being legally unsupported, the Intervenor's argument that BST's Statement cannot satisfy Section 252(d) until new cost studies have been completed and permanent rates have been set is completely incompatible with Congress's desire to "open all telecommunications markets to competition."

Thus, the Commission rejects the notion that interim rates are necessarily insufficient to satisfy Section 271. Once the Commission examines the further costs underlying the items offered in the Statement, adjustments may be made to the rates, in the Statement.

However, MCI raised a concern that competition in the local markets of BellSouth might be chilled because the possibility of an upward adjustment in an interim rate. Therefore, to assure potential competitors that they would not be harmed by such an upward adjustment, the Commission concludes that any UNE or

interconnection established under an interim rate shall be capped under such rate. Any such arrangements may only be adjusted downward. Of course, any downward adjustment will be retroactive to the date the interconnection was established or the UNE was placed in service. The Commission concludes that this procedure will actually encourage early entry into the local market because potential competitors will want to take the largest possible advantage of the capped interim rates.

E. Service Quality Issues are Appropriately Addressed as Enforcement Issues and Not as Part of BST's Compliance With the Checklist.

Sprint's witness Melissa Closz and ACSI witness Jim Falvey complained about service problems allegedly encountered by these CLECs companies in other states. It is worth noting that there is no evidence in this record of any service problems in South Carolina. The Commission further observes that complaints do not rise to the level of proof. ACSI has filed a formal complaint with the FCC and Georgia Public Service Commission and no ruling has been issued in those proceedings. Ms. Closz conceded that Sprint has not even filed a complaint or otherwise sought legal redress for the alleged problems she noted in her testimony.

Even if there were actual proof in this record of inferior service by BST, this proof would be irrelevant to BST's compliance with its duty under Sections 251, 252(d) and the competitive checklist to made functions, capabilities and services available to CLECs. No one disputes that the issue of

service quality is an extremely important one; it simply has no place in this proceeding. Congress recognized that enforcement of the RBOC's obligations under the Act was an important issue and addressed this concern in Section 271. Immediately following the provisions in the Act dealing with the FCC's standard of review, including the express prohibition against Commission expansion of the competitive checklist (Section 271(d)(4)), Congress provided for enforcement of the RBOC's continuing obligations under Section 251, including an expedited complaint process and severe penalty provisions. Section 271(d)(6) provides:

(A) COMMISSION AUTHORITY.--If at any time after the approval of an application under paragraph (3), the Commission determines that a Bell operating company has ceased to meet any of the conditions required for such approval, the Commission may, after notice and opportunity for a hearing --

- (i) issue an order to such company to correct the deficiency;
- (ii) impose a penalty on such company pursuant to title V; or
- iii) suspend or revoke such approval.

(b) RECEIPT AND REVIEW OF COMPLAINTS.--The Commission shall establish procedures for the review of complaints concerning failures by Bell Operating companies to meet conditions required for approval under paragraph (3). Unless the parties otherwise agree, the Commission shall act on such complaint within 90 days.

47 U.S.C. § 271(d)(6). The FCC complaint processes and penalties are, of course, in addition to remedies available under federal and state antitrust laws (including injunctive awards and awards

of treble damages and attorneys fees), as well as recourse before the state public service commissions.

F. The Public Interest Favors Allowing BSLD to Enter the InterLATA Long Distance Market in South Carolina Market in South Carolina.

Before authorizing BOC entry into the in-region interLATA market, the FCC also determine that "the requested authorization is consistent with the public interest, convenience, and necessity." 47 U.S.C. § 271(d)(3)(C). Although the Act does not oblige this Commission to render a recommendation in this respect, the Commission notes that in a Nov. 20, 1996 speech to NARUC, then-FCC Chairman Reed Hundt stated that State commissions will have a role in the FCC's public interest determination. Having carefully considered the positions of the parties on this issue, this Commission will also advise the FCC that BST's entry into the interLATA market in South Carolina is in the public interest.

BSLD's entry into the interLATA market in South Carolina would lead to increased long distance competition and more choices for consumers, which is in the public interest. Dr. Taylor testified that South Carolina customers could see the market price for long distance services decrease by 25% within one year of BSLD entry. Dr. Taylor computed savings to be a minimum of \$9.00 and a maximum of \$14.00 increase in the consumer surplus of South Carolina customers. Dr. Raimondi estimated that a 25% reduction in the market price of long distance service in

South Carolina over a five-year period could lead to the creation of almost 13,000 jobs and an increase of almost \$1.2 billion in gross state product. These results were unrefuted by the Intervenor.

Although Section 271's public interest inquiry is not specifically defined, the Senate Committee that first drafted this standard explained that "the public interest, convenience, and necessity standard is the bedrock of the 1934 [Communications] Act, and the Committee does not change the underlying premise through the amendments contained in this bill." S. Rep. No. 23, 104th Cong., 1st Sess. 44 (1995). The FCC has long interpreted the Communications Act's public interest standard as establishing a strong presumption in favor of new entry and the provision of new technologies, services, and products. See, Washington Utilities & Trans. Comm'n v. FCC, 513 F.2d 1142, 1155 & 1168 (9th Cir. 1975); Hawaiian Tel. Co. v. FCC, 498 F.2d 771 (D.C. Cir. 1974); MTS-WATS Market Structure Inquiry, 81 FCC 2d 177, 200 (1980).

BSLD will be a new entrant into the South Carolina long distance market, and its entry will require that BSLD introduce new services and products in order to compete successfully against the incumbent long distance carriers. To overcome the long-standing presumption in favor of new entry, the opponents of BSLD's request for interLATA authority in South Carolina must provide a detailed, factual showing that competitive harm is

likely to result from such entry, despite the FCC's and this Commission's regulation of BSLD's actions in both the local and long distance markets. Intervenors in this proceeding have failed to make such a showing.

In apparent recognition of the benefits of BSLD's entry into long distance, many of the Intervenors tried to shift the public interest inquiry to the local exchange market, alleging that competition in the local market will be jeopardized if BST is permitted to compete for long distance customers "prematurely." For example, Mr. Wood, sponsored by AT&T and MCI, testified that some sort of "effective competition" test must exist in wire centers across South Carolina before long distance entry is in the public interest. In fact, to adopt these proposed standards would be an illegal addition to the checklist requirements. The Intervenors attempt to justify this requirement by arguing that, otherwise, BST will cease complying with its statutory obligations to keep its local market open once long distance authority is granted and engage in various hypothetical "bad acts" that state and federal regulatory authorities will be powerless to prevent. Congress's debates concerning BOC entry into long distance underscore the existence of an open local market -- not the existence of some level of local competition -- as the key to unlocking the long distance business to BOC competition. Intervenors would render Congress's local market

regulatory scheme and the roles of the FCC and state commissions superfluous.

Even if Congress had not expressly prohibited doing what Intervenor seek to do in this proceeding--adding some sort of "effective competition" test to Section 271--such a test would not benefit the public, because the Commission finds that BSLD's entry into long distance will have no adverse affect on local competition. Intervenor's contention that BSLD's long distance entry should be delayed until "effective competition" emerges in wire centers across South Carolina is based on the assertion that without the "carrot" of long distance before it, BST will ignore its statutory and contractual obligations to keep its local market open. The Intervenor's purported concern that, upon receiving authority to enter the long distance market, BST can and will ignore the checklist, as well as Sections 251 and 252, presupposes that regulators (including this Commission) will be powerless to doing anything about it.

This argument is seriously flawed. First, Intervenor's argument ignores the fact that the incentives created by Section 271 to open the local exchange are continuing. As Mr. Varner testified, BSLD's provision of long distance service is contingent on continued compliance with all the provisions of Section 271, including the competitive checklist. As BSLD's ability to provide long distance service becomes more important in meeting customer needs, as is likely, it would be illogical

for BST to create any opportunity for a CLEC to challenge BSLD's legal ability to provide such service based on its failure to comply with the checklist. Thus, BST's incentive to continue to comply with the checklist is likely to increase over time, not decrease.

Second, just as BSLD's provision of long distance service will not diminish its obligations under the checklist, it also will not diminish its obligations under Sections 251 and 252 of the Act, South Carolina law, FCC and Commission regulations and its binding interconnection agreements. As Mr. Varner observed, these legal obligations and safeguards do not go away once interLATA entry is granted.

In fact, Mr. Varner further stated that long distance entry will invoke additional safeguards that affect the local market under Section 272. Section 272 contains safeguards that, among others, essentially prohibit BST from discriminating in favor of its long distance affiliate. Thus, Section 272 requires Bell companies to "treat all other entities in the same manner as they treat their [long distance] affiliates, and [to] provide and procure goods, services, facilities and information to and from those other entities under the same terms, conditions and rates." See, Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended, CC DKT No. 96-149, at ¶¶ 198, 202 (rel. Dec. 24, 1996). The FCC believes that "sufficient mechanisms ... exist within the 1996

Act both to deter anticompetitive behavior and to facilitate the detection of potential violations of section 272 requirements."

Id. at ¶ 321. (emphasis added).

Moreover, as explained by Dr. Taylor, BOCs have participated in markets adjacent to the local exchange, including long distance markets, without competitive harm. For example, BOCs compete with unaffiliated providers of cellular service that depend on local market interconnection for the success of their service. Further, this Commission takes note that substantial areas of South Carolina are served by ILECs which provide both local and long distance services. There have never been allegations that any of the customers of these companies or their long distance competitors have been subjected to any acts of competitive harm.

Delaying BSLD's entry into long distance until the intervenors are satisfied that "effective competition" exists in the local market will only serve to delay the benefits of vigorous long distance and local competition. The entities with the financial and marketing resources to provide effective local competition are the same IXC's that have a direct financial interest in delaying BSLD's competing in their long distance market.

The Commission believes that local competition may speed up considerably upon the lowering of the barriers to BSLD competing for long distance business. Lowering this barrier will create

real incentives for the major IXC's to enter the local market rapidly in South Carolina, because they will no longer be able to pursue other opportunities secure in the knowledge that BSLD cannot invade their market until they build substantial local facilities. Since the intervenors have not established any plan to compete for both residence and business customers in South Carolina, we conclude that this decision is the last avenue open to this Commission to encourage local competition as well as long distance competition. Thus, this decision will also foster real investment by AT&T, MCI, and others in the local market in South Carolina. Allowing BSLD to provide long distance service to South Carolina consumers is in the public interest since it would accomplish Congress's objective of fostering competition in all telecommunications markets.

The Commission must address one procedural matter regarding evidence offered at the hearing. At the conclusion of its case, BellSouth moved to introduce 87 binders of information regarding BellSouth's compliance with the 14-point competitive checklist of the Act, as part of Hearing Exhibit 12. Counsel for AT&T, MCI and Sprint opposed the introduction of the binders, arguing that BellSouth had not submitted the information in support of its application or relied on the information during its case. BellSouth countered that the information had been supplied during the course of discovery in this Docket and was intended to complete the present record. The Commission finds that

introduction of the 87 binders would not be appropriate. As the applicant for in-region long distance service, BellSouth bears the burden under the Act of presenting all relevant evidence to allow the Commission and opposing parties to evaluate its application. BellSouth did not include the material as part of its application to the Commission, and did not use the binders to support the testimony of its witnesses. Accordingly, the Commission declines to accept the 87 binders into evidence.

IT IS THEREFORE ORDERED THAT:

1. BST's Statement of Generally Available Terms and Conditions filed herein shall be modified to incorporate the following language: "The Statement shall be subject to revision to the extent necessary to comply with any final legislative, regulatory or judicial orders or rules that affect the rights and obligations created by the Statement."

2. BellSouth's Statement of Generally Available Terms and Conditions filed herein shall be modified to provide that any local interconnection established or UNE placed in service prior to the rate true-up shall be capped at the interim rate. The rate of each such interconnection arrangement or UNE may only be adjusted downward as a result of the true-up process. Any downward adjustment for an interconnection arrangement or UNE in service prior to the true-up shall be adjusted retroactively to

the date such UNE was placed in service or the date such interconnection arrangement was established.

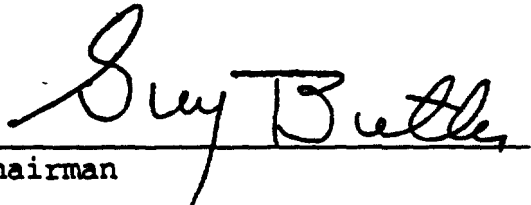
3. The Commission approves BST's Statement of Generally Available Terms and Conditions, as modified above, under Section 252(f) of the Act. BST shall file ten (10) copies of its modified SGAT with the Commission within seven (7) days of receipt of this Order.

4. BST's Statement satisfies the 14-point competitive checklist in 47 U.S.C. § 271(c)(2)(B).

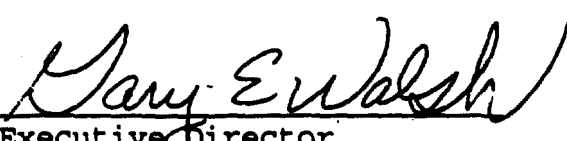
5. The Commission finds that BSLD's entry into the interLATA long distance market in South Carolina is in the public interest.

6. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Deputy Executive Director

(SEAL)

**ATTACHMENT 4**

Comparison of SCPSC SGAT Order with BellSouth Proposed Order

Additions to BellSouth Proposed Order by SCPSC in SCPSC Order shown as double underline

Deletions to BellSouth Proposed Order by SCPSC in SCPSC Order shown as ~~strikeout~~

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described in the 14-point competitive checklist in its nine-state region. BST has further demonstrated that it is functionally able to provide the same items in South Carolina when ordered by a CLEC.

The Commission approves BST's statement, as modified, so that BSLD may take the first step in the process it must follow to obtain interLATA authority--the filing of an application with the FCC. There is no serious dispute that BSLD's entry into the interLATA market in South Carolina will bring significant consumer benefits to that market. BSLD testified that it has filed a proposed tariff with initial basic MTS rates will be at least 5% lower than the corresponding rates of the largest interexchange carrier. The Commission reasonably concludes that long distance competitors will be compelled to respond with lower rates of their own.

Moreover, BST's entry will release the interexchange carriers from the current prohibition under the act against the joint packaging of local and long distance service. BellSouth is also required under the Act to implement 1+ intraLATA toll dialing simultaneously with its entry into interLATA long distance. These requirements will free all competitors in South Carolina to finally offer the simplified "one-stop" shopping that customers want. BSLD's entry into the interLATA market will give BSLD's customers the same opportunity as customers of other South Carolina local telephone companies (i.e., GTE in Myrtle Beach and

the contrary, experience to date in implementing the Act demonstrates the inherent uncertainty in these changing times. Nevertheless, parties have utilized this process to enter the market. Indeed, the Commission notes that ACSI and BellSouth have voluntarily entered into an approved interconnection agreement in South Carolina that contains interim rates subject to true-up. Having found the true-up process appropriate for both the ACSI and AT&T interconnection agreements with BST, the Commission sees no reason to disapprove BST's Statement because it, too, contains interim rates.

In addition to being legally unsupported, the Intervenor's argument that BST's Statement cannot satisfy Section 252(d) until new cost studies have been completed and permanent rates have been set is completely incompatible with Congress's desire to "open all telecommunications markets to competition."

Thus, the Commission rejects the notion that interim rates are necessarily insufficient to satisfy Section 271. Once the Commission examines the further costs underlying the items offered in the Statement, adjustments may be made to the rates, in the Statement. ~~CLECs that may have purchased items from the statement will have their rates adjusted retroactive to the date they purchased the items.~~

However, MCI raised a concern that competition in the local markets of BellSouth might be chilled because the possibility of an upward adjustment in an interim rate. Therefore, to assure